



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	HB0240	Title:	Short-term emergency lodging tax credit
Primary Sponsor:	Nooney, Bill	Status:	As Amended

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|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Revenue:				
General Fund	(\$60,000)	(\$60,000)	(\$60,000)	(\$60,000)
Net Impact-General Fund Balance	<u>(\$60,000)</u>	<u>(\$60,000)</u>	<u>(\$60,000)</u>	<u>(\$60,000)</u>

Description of Fiscal Impact: This legislation would provide a refundable tax credit to lodging establishments that provide free temporary lodging to individuals who are displaced from their homes due to a natural disaster or domestic abuse.

FISCAL ANALYSIS

Assumptions:

- Based on the information from the Director of the Missoula YWCA contained in the Sponsor's fiscal note, victims of domestic abuse or other incidents, such as loss of a home due to fire are estimated to create the need for approximately 1,800 lodging days outside of shelters. This does not include needs created by larger natural disasters, such as earthquakes, floods, snowstorms, landslides or fires, or accidents involving hazardous materials, which displace people from their homes. Larger disasters are difficult to predict, but over time have a likelihood of occurring and substantially increasing the cost of this bill. For the purposes of this fiscal note it is assumed there are no larger disasters, and that availability of this credit will encourage its increased use, therefore, it is estimated 2,000 lodging days will qualify for this proposed credit.
- The proposed credit under the amended legislation is \$30 for each day of lodging provided.
- The fiscal impact of this legislation is estimated to be \$60,000 per fiscal year (2,000*\$30).
- As noted in assumption 1, the estimated days do not include larger disasters. In the amended bill the tax credit will not apply in the case of major disasters declared by the President and for which federal

financial assistance for temporary housing is available. Outside of major disasters covered by a presidential declaration, there will be other disasters large enough to substantially increase the need for temporary housing. Those could increase the cost substantially above the “normal” year estimate.

Fiscal Impact:**Revenues:**

General Fund (01)	<u>(\$60,000)</u>	<u>(\$60,000)</u>	<u>(\$60,000)</u>	<u>(\$60,000)</u>
TOTAL Revenues	<u><u>(\$60,000)</u></u>	<u><u>(\$60,000)</u></u>	<u><u>(\$60,000)</u></u>	<u><u>(\$60,000)</u></u>

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	(\$60,000)	(\$60,000)	(\$60,000)	(\$60,000)
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Effect on County or Other Local Revenues or Expenditures:

1. None.

Technical Notes:**Department of Revenue**

1. This legislation is ambiguous as to whether a hotel that provided lodging to a displaced family of four could claim the credit for four individuals or just for one individual. Implicit in the use of the estimate in assumption 1 is that there is no change in how displaced families are treated by the commercial lodging establishment due to this credit (e.g. not given more or less rooms than is current practice).
2. Administrative rules would be necessary to provide more specific definitions of “artificial cause,” “natural disaster,” and “bodily assault.”
3. This legislation does not prohibit this credit from being taken on emergency lodging when the displaced individual is receiving loss of use compensation from their insurance company.

Department of Health and Human Services

4. It is unclear whether a state agency would be included in the definition of “charitable organization.” If so, assuming the costs for damages caused to the property by the individual or family, as required in New Section 2 (2) could involve a fiscal commitment that would be difficult to project. There would be no way of determining what damage existed before the individual or family occupied the space, compared to the damages the lodging establishment assessed after the individual’s or family’s departure. To structure a pre- and post-inspection would be costly, in addition to paying for any property damage claimed by the lodging establishment.

Sponsor’s Initials

Date

Budget Director’s Initials

Date